



Art Corporation Limited

CHLORIDE CA

EXIDE

NWCO
National Waste Collections

SOFTEX

EVERSHARP

MUTARE
ESTATES



TRADING UPDATE FOR THE THIRD QUARTER TO JUNE 2025

TRADING ENVIRONMENT

The trading environment for the quarter was relatively stable, characterised by local currency liquidity constraints, reduced demand, and intense price competition. Electricity supply challenges continued to impact production output and operating costs, as alternate power sources remain expensive. Monetary policy remained tight, with high borrowing costs. In Zambia, the currency strengthened and inflation eased during the period.

BUSINESS PERFORMANCE

The Group's overall sales volumes declined by 7% during the quarter as trading remained subdued. Turnover for the quarter was US\$7.8 million, a decline of 23% compared to the prior year, largely due to reduced export volumes and power-induced product shortages. Export volumes fell by 32%, with margins further eroded by the reduction in the foreign currency retention threshold.

ENERGY STORAGE

Battery volumes were 3% below the prior year as product availability continued to be affected by power challenges. Competition from imports exerted pricing pressure in both the industrial and automotive battery segments. Margins were further compressed by higher lead prices and increased energy costs. Raw material deliveries were steady; however, scrap purchases in the region were affected by foreign currency availability and volatility. Procurement of additional battery molds helped to ensure consistent supplies of maintenance free batteries.

STATIONERY AND PAPER

Volumes declined by 18% compared to the prior year as trading and cash flows were affected by challenges faced by major retailers. Stock movement improved across most outlets and volume recovery is anticipated. Ongoing interventions by the authorities to curb illicit imports have helped reduce counterfeit products and pricing distortions in the market. The blended manufacturing and trading model for major product lines ensured continued brand presence. The deliberate decommissioning and optimisation of our tissue converting machinery, in response to market overcapacity is expected to restore profitability.

MUTARE ESTATES

Firm timber demand and improved milling efficiencies resulted in a 25% increase in sales volumes compared to the prior year. The division will maintain its strong financial performance to the end of the year.

OUTLOOK

The mothballing of operations at the mill has resulted in material closure costs and related obligations, significantly weighing on the Group's financial performance. Environmental and market conditions have not improved sufficiently to support the viability of the operation, necessitating consideration of discontinuation. Management anticipates that ongoing discussions with potential partners and key stakeholders will be concluded by year-end.

Notwithstanding these challenges, the Group remains fully focused on safeguarding liquidity and restoring profitability, underpinned by firm demand in batteries and timber, operational improvements, and disciplined cost management.

M MACHEKA

CHIEF EXECUTIVE OFFICER

15 August 2025

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